



Kansas

2025

Corporate Income Tax

*File your business
taxes electronically!*

See back cover for details.

ksrevenue.gov

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GENERAL INFORMATION

If any due date falls on a Saturday, Sunday, or legal holiday, substitute the next regular workday.

Who Must File a Return

A Kansas corporate income tax return must be filed by all corporations doing business in or deriving income from sources within Kansas who are required to file a federal income tax return, whether or not a tax is due.

Unitary Groups (for taxable years after December 31, 1990): If any member of a unitary group has activity in Kansas exceeding that protected by 15 U.S.C. Section 381, all unitary group members having Kansas property, payroll, or sales must file Kansas returns and pay the tax due.

Corporations which elect under subchapter S of the IRC (Internal Revenue Code) not to be taxed as a corporation must file a Kansas Partnership or S Corporation return, Form K-120S. All other corporations must file Form K-120.

Exempt Organizations: Any corporation exempt from federal income tax under the provisions of the IRC, and who files Form 990 or Form 990EZ, is exempt for Kansas income tax purposes in each year in which such corporation satisfies the IRC requirement for exemption. However, a corporation that is subject to the tax on unrelated business income by the IRC, who files a Form 990T, is also subject to the tax on unrelated business income for Kansas purposes and must file on Kansas Form K-120.

In addition to the corporations exempt from federal income tax, there shall also be exempt for Kansas income tax purposes, insurance companies, banks, trust companies, savings and loan associations, and any other organizations specifically exempt under the laws of the State of Kansas. (National bank associations, banks, trust companies, and savings and loan associations are required to file privilege tax on Kansas Form K-130. Insurance companies are subject to a Premium Tax.) Notwithstanding the provisions of K.S.A. 79-32,110, and amendments thereto, the following entities shall be exempt from the tax imposed by the Kansas income tax act pursuant to K.S.A. 79-32,110 and amendments thereto:

(1) Any utility that is a cooperative as defined in K.S.A. 66-104d, and amendments thereto, or owned by one or more such cooperatives; and

(2) effective for tax years ending on or after January 1, 2021, every electric and natural gas public utility as defined in K.S.A. 66-104, and amendments thereto, that is subject to rate regulation by the state corporation commission.

When and Where to File

Calendar Year: If your return is based on a calendar year, your return must be filed no later than one month after the due date established under the federal internal revenue code, including any applicable extension granted by the internal revenue service. Payment of any liability shall be due April 15, 2026.

Fiscal Year: If your return is based on a tax year other than a calendar year, it must be filed no later than one month after the due date established under the federal internal revenue code, including any applicable extensions granted by the internal revenue service. Payment of any liability shall be due no later than the 15th day of the fourth month following the end of the tax year.

Conformity to Federal Due Dates: If the original federal due date is not the 15th day of the fourth month after the close of a taxable year, the corporation is required to complete item "I" in the taxpayer information section of Form K-120 and enclose a letter indicating the authorizing federal statute. Do not enter your extended due date.

Amended Returns: If the amended return will result in a refund, then it must be filed within three (3) years from the date the original return was due including any extensions allowed pursuant to law, or two (2) years from the date the tax claimed to be refunded or against which the credit claimed was paid, whichever periods expires later.

Mail your Corporate Income Tax return and any payment due to the following address: KANSAS CORPORATE TAX, KANSAS DEPARTMENT OF REVENUE, PO BOX 750260, TOPEKA, KS 66699-0260.

Accounting Period

The taxable year for Kansas is the same as the taxable year for federal income tax purposes. If your taxable year changes, or the method of your accounting is changed for federal income tax purposes, then the taxable year and method of accounting shall be similarly changed for Kansas income tax purposes.

Confidential Information

Income tax information disclosed to the Department of Revenue, either on returns or through department investigation, is held in strict confidence by law. The Department of Revenue, the IRS (Internal Revenue Service), the Multistate Tax Commission and several other states have an agreement under which some tax information is exchanged. This is to verify the accuracy and consistency of information reported on federal and Kansas tax returns.

Completing Your Return

All applicable lines on Form K-120 and Form K-120AS must be completed. Be certain to **complete all boxes in the Taxpayer Information section of the return.**

All corporations filing a combined return (single or multiple), or authorized to file using the alternative or separate accounting method, must complete lines 1 through 27 using the total combined income column from Schedule K-121.

Nonbusiness Income Claimed: Any taxpayer that claims nonbusiness income on the Kansas return is required to clearly demonstrate that the transaction or activity which gave rise to the income was unusual in nature and infrequent in occurrence or that the income was earned in the course of activities unrelated to the taxpayer's regular business operations in Kansas. The taxpayer must also submit a schedule as required by line 18 of the specific line instructions for Form K-120. If the taxpayer does not demonstrate that the income is nonbusiness and does not submit the required schedules, the income will be considered business income by the Department of Revenue and the department will apportion that income accordingly.

Extension of Time to File

An extension of time to file is not an extension to pay.

If you are unable to complete your return by the filing deadline, you may request an extension of time to file. If you filed federal Form 7004 with the IRS for an extension, enclose a copy of that form with your completed K-120 to automatically receive a six-month extension to file your Kansas return. Kansas does not have a separate extension request form. If you are entitled to a refund, an extension is not required to file the return after the original due date.

To pay the balance due for an extension, use the Kansas Corporate Payment Voucher (K-120V) and mark the box indicating an extension payment. If you do not pay the tax due (may be estimated) by the original due date, you will owe interest and may also be charged a penalty on any balance due.

Consolidation with Privilege Tax Filer Prohibited

Kansas does not allow a taxpayer subject to the Kansas income tax to file a consolidated return with a taxpayer subject to the Kansas privilege tax. A taxpayer subject to the Kansas income tax must file its income tax return on a separate entity basis taking into account only its income and expenses. A taxpayer subject to the Kansas income tax that is included in a consolidated federal filing with a taxpayer subject to the Kansas privilege tax must attach a copy of a pro forma federal tax return prepared in accordance with applicable federal law with its Kansas income return.

Federal Return

You must enclose with Form K-120 a copy of the following federal return pages as filed with the IRS. **Do not enclose copies of pro forma federal returns.** If you have a bank holding company, you must include both a copy of the consolidated federal return information as filed with the IRS and a copy of the pro forma federal return information for this entity. The Department of Revenue reserves the right to request additional information as necessary.

- All pages of the federal form 1120 as filed with the IRS return or consolidated federal return, whichever is applicable. If a consolidated return, you must enclose a company-by-company spreadsheet of income and expense to total the consolidated federal taxable income and a company-by-company spreadsheet of the consolidated balance sheet including Schedules M-1 and M-2 or M-3.
- **Federal schedules to support any Kansas modifications claimed on Form K-120.**
- Federal Forms 851, 8990, and 8993, as applicable.

Estimated Tax

For quick payments use an online option. Visit ksrevenue.gov for details.

Every corporation shall pay estimated tax for the taxable year if its Kansas income tax liability can be expected to exceed \$500. Any corporation which began business in Kansas during this tax year is not required to pay estimated tax and no underpayment of estimated tax penalty will be imposed for this initial year. NOTE: Current year estimated payments cannot be used to off-set prior year tax liabilities. See K.A.R. 92-11-22(c).

For your convenience, Kansas offers simple electronic payment solutions for your estimated tax that are available 24 hours a day, 7 days a week! There are many advantages to paying electronically – no check to write or voucher to complete and mail, and you get immediate acknowledgment that your payment was received. Additionally, reducing paper consumption is both cost effective and environmentally friendly. For an online transaction, visit ksrevenue.gov and log into the *KDOR Customer Service Center*.

Business Income Election

A taxpayer may elect to have all income derived from the acquisition, management, use, or disposition of tangible and intangible property treated as business income. The election is effective and irrevocable for the taxable year of the election and the following nine taxable years. It is binding on all members of a unitary group of corporations. To make the election, a corporation must file Form K-120EL with the Department of Revenue within the time limits established by law.

- A corporation not previously doing business in Kansas that intends to make this election for its initial year of business must file Form K-120EL within 60 days after filing the articles of incorporation or application for authority to engage in business with the Kansas Secretary of State.
- For corporations currently doing business in Kansas, the election must be filed on or before the last day of the tax year immediately preceding the tax year for which the election is made.

Form K-120EL must be sent separately from the Corporate Income Tax return.

Amending Your Return

You must file an amended Kansas return when: 1) an error was made on your Kansas return, 2) there is a change (error or adjustment) on another state's return, 3) there is a change (error or adjustment) on your federal return. **Check the AMENDED box in the Taxpayer Information section of Form K-120 if you are amending your 2025 Kansas return.** Be sure to enclose any applicable supporting documents, such as a copy of the other state's amended return or a copy of the IRS amended return or Revenue Agent's Report or adjustment letter showing and explaining the adjustments. If additional tax is due, complete and enclose Form K-120V, marking an "X" in the *Amended Payment* box.

Amended Federal Return: If you are filing an amended federal income tax return, for the same taxable year as your Kansas amended return, you must enclose a complete copy of the amended federal return and full explanations of all changes made on your amended Kansas return. If your amended federal return is adjusted or disallowed, you must provide the Department of Revenue with a copy of the adjustment or denial letter.

Amending Your Return (continued)

Pay the full amount of tax and interest due on an amended return and no penalty will be assessed. Consult our website for annual interest rates.

If you did not file a Kansas return when you filed your original federal return, and the federal return has since been amended or adjusted, use the information on the amended or adjusted federal return to complete your original Kansas return. A copy of both the original and amended federal returns should be enclosed with the Kansas return along with an explanation of the changes.

Federal Audit: Any taxpayer whose income has been adjusted by the IRS must file an amended return with Kansas and include a copy of the Revenue Agent's Report or adjustment letter showing and explaining the adjustments. These adjustments must be submitted within 180 days of the date the federal adjustments are paid, agreed to, or become final, whichever is earlier. Failure by the taxpayer to notify the Department of Revenue within the 180 day period shall not bar the Department of Revenue from assessing additional taxes or proceeding in court to collect such taxes. Failure by the taxpayer to comply with the requirements for filing returns shall toll the periods of limitation for the Department of Revenue to assess or collect taxes.

Definitions

Business Income: For tax years commencing after December 31, 2007, business income means: 1) income arising from transactions and activity in the regular course of the taxpayer's trade or business; 2) income arising from transactions and activity involving tangible and intangible property or assets used in the operation of the taxpayer's trade or business; or 3) income of the taxpayer that may be apportioned to this state under the provisions of the Constitution of the United States and laws thereof, except that a taxpayer may elect that all income constitutes business income.

Unitary Business: A multistate business is unitary when the operations conducted in one state benefit or are benefited by the operations conducted in another state or states. The essential test to be applied is whether or not the operation of the portion of the business within the state is dependent upon or contributory to the operation of the business outside the state. If there is such a relationship, the business is unitary. Stated another way, the test is whether the various parts of a business are interdependent and of mutual benefit so as to form one business rather than several business entities and not whether the operating experience of the parts are the same at all places.

Activity Wholly Within Kansas—Single Entity: If a particular trade or business is carried on exclusively within Kansas or if the activities outside of Kansas are such that federal Public Law 86-272 prohibits another state from imposing a tax, then the entire net income is subject to the Kansas income tax.

Activity Wholly Within Kansas—Consolidated: If two or more corporations file a federal income tax return on a consolidated basis, and if each of such corporations derive all of their income and expenses from sources within Kansas, they must file a consolidated return for Kansas income tax purposes.

Single Entity Apportionment Method: Taxpayers having income from business activity which is taxable both within and without this state, other than activity as a financial organization or the rendering of purely personal services by an individual, shall allocate and apportion net income as provided in the Uniform Division of Income for Tax Purposes Act.

Combined Income Method—Single Corporate Filing: When a group of corporations conduct a unitary business both within and outside of Kansas, the source of income shall be determined by the combined income approach. The combined income approach is the computation by formula apportionment of the business income of a unitary trade or business properly reportable to Kansas by members of a unitary group. The property, payroll, or sales factor for each member of a unitary business shall be determined by dividing the property, payroll, or sales figure for Kansas by the total property, payroll, or sales figure of the entire group. The average is multiplied by the income of the unitary group to determine the income of the company derived from sources in Kansas.

The Kansas Corporation Tax return filed on the combined income approach must include Schedule K-121.

Any corporation that files a consolidated return for federal purposes and a combined report for Kansas purposes must submit a copy of the consolidated federal Form 1120 and all other schedules and statements necessary to support the taxable income reported on the Kansas return. Schedule K-121 must be used to determine income of the corporation. Schedule K-121 single entity Kansas taxable income is then shown on line 27, Form K-120. The single entity tax from Schedule K-121 is entered on line 31, Form K-120. All corporations filing a combined return (single or multiple) must complete lines 1 through 27 of Form K-120 using the total combined income column from Schedule K-121.

Combined Income Method—Multiple Corporation Filing: This method is the same as *Combined Income Method—Single Corporation Filing* except that any corporation filing using the combined income method with more than one entity doing business in Kansas may file one Kansas return reporting the total combined income on that return and computing and paying the tax due on that return. Schedule K-121 must be used to determine the Kansas taxable income of each separate corporation. Schedule K-121 combined Kansas taxable income is then entered on line 27, Form K-120. The tax rate is then applied to the Kansas taxable income of each corporation with one surtax exemption allowed for each corporate taxpayer. The total tax due for all corporations is then shown on line 31, Form K-120. All corporations filing a combined return (single or multiple) must complete lines 1 through 27 of Form K-120 using the total combined income column from Schedule K-121.

Qualified Elective Two-Factor Method: This method may be used by any taxpayer who qualifies and elects to utilize the two-factor formula of property and sales. A qualified taxpayer is any taxpayer whose payroll factor for a taxable year exceeds 200% of the average of the property factor and the sales factor. An election must be made

Definitions (continued)

by including a statement with the original tax return indicating that the taxpayer elects to utilize this apportionment method. The election will be effective and irrevocable for the taxable year of the election and the following nine taxable years. The election will be binding on all members of a unitary group of corporations.

Common Carrier Method: All business income of railroads and interstate motor carriers of persons or property for hire shall be apportioned to this state on the basis of mileage. For railroads, multiply the business income by a fraction, the numerator of which is the freight car miles in this state and the denominator of which is the freight car miles everywhere. For interstate motor carriers, multiply the business income by a fraction, the numerator of which is the total number of miles operated in this state and the denominator of which is the total number of miles operated everywhere.

If a unitary group of corporations consists of one or more corporations engaged in railroad or interstate motor carrier operations, including the interstate transport of persons or property for hire by rail or motor carrier, and one or more corporations not engaged in railroad or interstate motor carrier operations, the following method shall be used to determine the apportionable income of the group members engaged in railroad or interstate motor carrier operations. (a) A three-factor formula consisting of property, payroll, and sales shall be used to divide the apportionable business income of the unitary group between each corporation engaged in railroad or interstate motor carrier operations and all other members of the unitary group. The apportionment factor numerators shall consist of the property, payroll, and sales of each corporation engaged in railroad or interstate motor carrier operations. The apportionment factor denominators shall consist of the property, payroll, and sales of the entire unitary group. For purposes of this subsection, the property, payroll, and sales factors shall be as defined in the uniform division of income for tax purposes act, K.S.A. 79-3271 et seq., and amendments thereto, and the regulations promulgated under this act. (b) The apportionable business income of each corporation engaged in railroad or interstate motor carrier operations shall be determined by multiplying the apportionable business income of the unitary group by the fraction computed according to subsection (a). (c) The apportionable business income of each corporation engaged in railroad or interstate motor carrier operations as determined according to subsection (b) shall then be apportioned to this state by using the single-factor mileage formula set forth in K.S.A. 79-3279(a), and amendments thereto. (d) The apportionable business income of each corporation in the unitary group that is not engaged in railroad or interstate motor carrier operations shall be determined by subtracting the amount determined in subsection (b) from the apportionable business income of the unitary group. (e) The apportionable business income of each corporation in the unitary group that is not engaged in railroad or interstate motor carrier operations, as determined in subsection (d), shall be apportioned to this state by using the applicable apportionment formula specified in K.S.A. 79-3279(b), and amendments thereto. K.A.R. 92-12-114.

Alternative Accounting Method: If the uniform allocation and apportionment provisions do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may petition for, or the Secretary of Revenue may require, in respect to all or any part of the taxpayer's business activity, if reasonable: (a) Separate accounting; (b) the exclusion of one or more of the factors; (c) the inclusion of one or more additional factors; or, (d) the employment of any other method to effect an equitable allocation and apportionment of the taxpayer's income. A copy of the letter from the Kansas Department of Revenue granting the use of an alternative method must be enclosed with the return when filed. Enter the amount determined on your separate schedule on line 27, Form K-120. All corporations filing a combined return (single or multiple), or authorized to file using the alternative or separate accounting method, must complete lines 1 through 27 using the total combined income column from Schedule K-121.

Separate Accounting Method: The separate method of reporting income to Kansas is allowable only in unusual circumstances and with the permission of the Kansas Department of Revenue where the use of the three-factor formula does not fairly represent the taxpayer's business activity. Before a taxpayer engaged in a multistate business may use the separate accounting method, the following requirements must be satisfied:

- The books and records are kept by recognized accounting standards to reflect accurately the amount of income of the multistate business which was realized in Kansas during the taxable period;
- The management functions of the business operations within Kansas are separate and distinct so that in conducting the Kansas business operations the management within Kansas did not utilize or incur centralized management services consisting of operational supervision, advertising, accounting, insurance, financing, personnel, physical facilities, technical and research, sales and servicing or purchasing during the taxable period;
- The business operations within Kansas are separate and distinct and do not contribute to or depend upon the overall operations of the company, and there are no interstate, intercompany, or interdivisional purchases, sales or transfers during the taxable period.

If all three requirements are not satisfied, the taxpayer shall determine Kansas taxable income by use of the apportionment formula.

Enter the amount determined on your separate schedule on line 27, Form K-120. All corporations filing a combined return (single or multiple), or are authorized to file using the alternative or separate accounting method, must complete lines 1 through 27 using the total combined income column from Schedule K-121.

INSTRUCTIONS FOR FORM K-120, PAGES 1 AND 2

TAXPAYER INFORMATION

Beginning and Ending Dates: Enter the beginning and ending dates of the corporation's tax year, even if it is a calendar year.

Name and Address: PRINT or TYPE the corporate name and address in the spaces provided.

Information Requested in Boxes A through J: Complete all requested information. For item A, see pages 4 and 5. For Item B, enter the NAICS code. For items E and F, use the standard two-letter state abbreviation. If any *taxpayer information* has changed from the last original return you filed, be sure to check the change box "J."

Final Return: If a final return is being filed and the corporation is being liquidated, enter the discontinuation date in box "D" and enclose a copy of the federal form that states the federal code section the corporation was liquidated under.

INCOME

LINE 1 (FEDERAL TAXABLE INCOME): Enter federal taxable income after net operating loss and special deductions. All corporations filing a combined return (single or multiple), or are authorized to file using the alternative or separate accounting method, must complete lines 1 through 28. Combined income filers must use the total combined income column from Schedule K-121. A copy of certain pages of the federal return must be enclosed in all cases. See instructions on page 3.

LINE 2 (TOTAL STATE AND MUNICIPAL INTEREST): Enter interest income received, credited, or earned by you during the taxable year from any state or municipal obligations such as bonds and mutual funds. Reduce the income amount by any related expenses (such as management or trustee fees) directly incurred in purchasing these state or political subdivision obligations.

DO NOT include interest income or obligations of the state of Kansas or any Kansas political subdivision issued after December 31, 1987, or the following bonds exempted by Kansas law:

- Board of Regents Bonds for Kansas Colleges & Universities
- Electrical Generation Revenue Bonds
- Industrial Revenue Bonds
- Kansas Highway Bonds
- Kansas Turnpike Authority Bonds
- Urban Renewal Bonds

If you are a shareholder in a fund that invests in both Kansas and other states' bonds, only the Kansas bonds are exempt. Use the information provided by your fund administrator to determine the amount of taxable (non-Kansas) bond interest to enter here.

LINE 3 (TAXES ON OR MEASURED BY INCOME OR FEES OR PAYMENTS IN LIEU OF INCOME TAXES): Enter the taxes on or measured by income or fees or payments in lieu of income taxes which you deducted on your federal return in arriving at your federal taxable income. **You must complete Part IV – Schedule of Taxes.**

LINE 4 (FEDERAL NET OPERATING LOSS DEDUCTION): Enter the federal net operating loss deduction that was claimed on the federal income tax return for the taxable year.

LINE 5 (250 DEDUCTION RELATED TO GLOBAL INTANGIBLE LOW-TAXED INCOME (GILTI)): (I.R.C. § 250(a)(1)(B)): For all taxable years commencing after December 31, 2020, enter the amount deducted from federal taxable income pursuant to section 250(a)(1)(B) of the federal internal revenue code of 1986.

LINE 6 (BUSINESS INTEREST EXPENSE CARRYFORWARD DEDUCTION) (I.R.C. § 163(j)): Enter the amount of any interest

expense paid or accrued in a previous tax year but allowed as a federal deduction pursuant to IRC §163 in the current tax year. Interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable if the limitation of IRC §163(j) did not exist.

LINE 7 (OTHER ADDITIONS TO FEDERAL TAXABLE INCOME): Enter on line 7 any of the following which are additions to your federal taxable income and enclose applicable schedules.

- **A Qualified Tuition Program (as defined under IRC Section 529):** Enter amount of any "nonqualified withdrawal".
- **Disabled Access Credit (Business).** Amount of depreciation deduction or business expense deduction claimed on your federal return that was used to determine the disabled access credit on your Schedule K-37.
- **Small Employer Healthcare Credit.** Reduce the amount of expense deduction that is included in federal taxable income by the dollar amount of the credit claimed. Complete Schedule K-57 and enclose it with your return.
- **Community Service Contribution Credit.** Amount of any charitable contribution claimed on your federal return used to compute the Community Service Contribution Credit on Schedule K-60.
- **Swine Facility Improvement Credit.** Amount of any costs claimed on your federal return and used as the basis for this credit on Schedule K-38.
- **Individual Development Account (IDA) Credit.** Amount of the contribution claimed to the extent the same is the basis for claiming the IDA credit on Schedule K-68.
- **Low Income Scholarship Credit.** Amount of any charitable contribution claimed on your federal return used to compute this credit on Schedule K-70.
- **Expenditures–Energy Credits.** Amount of any expenditures claimed to the extent the same is claimed as the basis for any credit allowed on Schedule K-81 or carry forward amount on Schedule K-73, K-77, K-82, or K-83.
- **Amortization–Energy Credits.** Carry forward amount of any amortization deduction claimed—to the extent the same is claimed on the federal return for deduction—with regard to Schedule K-73, K-77, K-82 or K-83 and any amount claimed in determining federal adjusted gross income on carbon dioxide recapture, sequestration or utilization machinery and equipment, or waste heat utilization system property.

LINE 8 (TOTAL ADDITIONS TO FEDERAL TAXABLE INCOME): Add lines 2 through 7 and enter the result on line 8.

LINE 9 (INTEREST ON U.S. GOVERNMENT OBLIGATIONS): Enter any interest or dividend income received from obligations or securities of any authority, commission or instrumentality of the United States and its possessions that was included in your federal taxable income. This includes U.S. Savings Bonds, U.S. Treasury Bills, and the Federal Land Bank. You must reduce the interest amount by any related expenses (such as management or trustee fees) directly incurred in the purchase of these securities.

If you are a shareholder in a mutual fund that invests in both exempt and taxable federal obligations, only that portion of the distribution attributable to the exempt federal obligations may be subtracted here. Enclose a schedule with the name of each U.S. government obligation interest deduction claimed. Interest from the following are taxable to Kansas and may NOT be entered on this line:

- Federal National Mortgage Association (FNMA)
- Government National Mortgage Association (GNMA)
- Federal Home Loan Mortgage Corporation (FHLMC)

LINE 10 (IRC SECTION 78 AND 80% OF FOREIGN DIVIDENDS):

Enter the amount included in federal taxable income pursuant to the provisions of Section 78 of the Internal Revenue Code and 80% of dividends from corporations incorporated outside the United States or the District of Columbia which are included in federal taxable income. Enclose a schedule to support the amount shown.

LINE 11 (GLOBAL INTANGIBLE LOW-TAXED INCOME (GILTI))

(I.R.C. § 951A): For all taxable years commencing after December 31, 2020, enter 100% of global intangible low-taxed income under section 951A of the federal internal revenue code of 1986, that is included in federal taxable income before any deductions allowed under section 250(a)(1)(B) of such code.

LINE 12 (DISALLOWED BUSINESS INTEREST DEDUCTION)

(I.R.C. § 163(j)): Enter the interest expense paid or accrued in the current tax year and disallowed as a federal deduction pursuant to section IRC 163(j). Interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable if the limitation of IRC §163(j) did not exist.

LINE 13 (CONTRIBUTIONS TO CAPITAL EXCEPTIONS) (I.R.C. § 118):

For all taxable years commencing after December 31, 2020, enter the amount of contributions to the capital of a corporation provided for in section 118 of the federal internal revenue code of 1986 as in effect on December 21, 2017 that were included in federal taxable income.

LINE 14 (DISALLOWED BUSINESS MEAL EXPENSES) (I.R.C. § 274):

For taxable years commencing after December 31, 2020, enter the amount disallowed as a deduction from federal taxable income pursuant to section 274 of the federal internal revenue code of 1986 for meal expenditures to the extent such expense was deductible for determining federal income tax and was allowed and in effect on December 31, 2017.

LINE 15 (OTHER SUBTRACTIONS FROM FEDERAL TAXABLE INCOME): Enter on line 15, a total of the following subtractions from your federal taxable income (schedule required):

- **Refunds or Credits.** Any refund or credit for overpayment of taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state, or any taxing jurisdiction, to the extent included in federal taxable income.
- **Kansas Venture Capital, Inc. Dividends.** Dividend income received as a result of investing in stock issued by Kansas Venture Capital, Inc.
- **Electrical Generation Revenue Bonds.** Gain from the sale of Electrical Generation Revenue Bonds that was included in your federal taxable income.
- **Contributions to a Qualified Tuition Program (as defined under IRC Section 529).** to a maximum of \$3,000 per student (beneficiary).
- **Sale of Kansas Turnpike Bonds.** Gain from the sale of Kansas Turnpike Bonds that was included in your federal taxable income.
- **Amortization–Energy Credits.** Carry forward amount of amortization deduction allowed relating to Schedule K-73, K-77, K-79, K-82 or K-83, and amount of amortization deduction allowed for carbon dioxide capture, sequestration or utilization machinery and equipment, or waste heat utilization system property. (55% of the amortization costs may be subtracted in the first year and 5% may be subtracted for each of the succeeding 9 years.)
- **Federal Jobs Credit.** Enter the amount of federal credit disallowance under 26 U.S.C. 280C(a) which include the Indian employment credit, the employer wage credit for employees who are active-duty members of the uniformed services, employer credit for paid family and medical leave, the work opportunity credit, and the empowerment zone employment credit.

LINE 16 (TOTAL SUBTRACTIONS FROM FEDERAL TAXABLE INCOME): Add lines 9 through 15 and enter the result on line 16.

LINE 17 (NET INCOME BEFORE APPORTIONMENT): Add lines 1 to line 8 and subtract line 16.

APPORTIONMENT AND ALLOCATION

LINE 18 (NONBUSINESS INCOME - TOTAL COMPANY): Enter total amount of nonbusiness net income everywhere that is to be directly allocated.

Any taxpayer that claims nonbusiness income on the Kansas return is required to clearly demonstrate that the transaction or activity which gave rise to the income was unusual in nature and infrequent in occurrence and tangible or intangible property or assets were not used in the operations of the taxpayer's regular trade or business. The taxpayer must also submit a schedule as required below. If the taxpayer does not demonstrate that the income is nonbusiness and does not submit required schedule(s), the income will be considered business income and the Department of Revenue will apportion it accordingly.

From the items of income directly allocated, there shall be deducted the expenses related thereto. The term *expenses related thereto* as used in this paragraph means any allowable deduction or portion thereof attributable to such income and a ratable part of any other allowable deductions which cannot definitely be allocated to some item or class of income.

A schedule must be submitted with the return showing the: 1) gross income from each class of income being specifically allocated, 2) amount of each class of related expenses together with an explanation or computations showing how amounts were arrived at, 3) total amount of the related expense for each income class, and 4) net income for each income class. The schedules should provide appropriate columns as set forth above for items specifically assigned to Kansas and for nonbusiness items specifically assigned outside Kansas. Also enclose documentation that specifically explains why each item of income arose from unusual and infrequent transactions outside of the regular course of the corporation's trade or business.

LINE 19 (APPORTIONABLE BUSINESS INCOME): Subtract line 18 from line 17.

LINE 20 (AVERAGE PERCENT TO KANSAS): Enter applicable percentages in spaces A, B and C. (If qualified and utilizing the elective two-factor formula, do not enter a percentage in space B.) Enter on line 20 the average percent from Form K-120AS, Part VI, line E or K-121, Part II, line 6. Round percentage to the fourth decimal point. **If your business is wholly within Kansas enter 100.0000.**

LINE 21 (AMOUNT TO KANSAS): Multiply line 19 by line 20. Enter the result on line 21.

LINE 22 (NONBUSINESS INCOME–KANSAS): Enter the total amount of nonbusiness net income directly allocated to Kansas. Enclose a schedule to support the amount shown.

LINE 23 (KANSAS EXPENSING RECAPTURE (K-120EX)): If you have a Kansas expensing recapture amount from Schedule K-120EX, enter the amount on line 23 and enclose a copy of your completed K-120EX and federal Form 4562.

LINE 24 (KANSAS EXPENSING DEDUCTION (K-120EX)): Enter the amount of your Kansas expensing deduction and enclose a copy of your completed K-120EX and federal Form(s) 4562. Also enclose any schedule necessary to enable the Department of Revenue to reconcile the federal Form 4562 amounts to the expensing claimed on the K-120EX. **Important**—The deduction must qualify under IRC Section 168: Modified accelerated cost recovery system (MACRS).

NET INCOME AND TAXABLE INCOME

LINE 25 (KANSAS NET INCOME BEFORE NET OPERATING LOSS DEDUCTION): Add lines 21, 22, and 23; then subtract line 24 and enter result.

LINE 26 (KANSAS NET OPERATING LOSS (NOL) DEDUCTION): Enter amount of any Kansas net operating loss carry forward to which you are entitled. **This amount cannot exceed amount on line 25.** Submit a separate schedule to support the amount shown and any remaining carry over available.

LINE 27 (COMBINED REPORT OR ALTERNATIVE/SEPARATE ACCOUNTING INCOME): If you are filing a combined report (Schedule K-121) or are authorized to file using the alternative or separate accounting method, enter on line 27 the Kansas taxable income from line 27 of Schedule K-121 or a separate schedule prepared by you (Separate/Alternative Method of Reporting).

LINE 28 (KANSAS TAXABLE INCOME): Subtract line 26 from line 25 or if filing combined enter the amount from line 27, whichever is applicable. If the result is a negative figure, enter zero.

TAX

If filing Form K-121, skip lines 29 and 30 and proceed to line 31.

LINE 29 (NORMAL TAX): Multiply the amount shown on line 28 by 3.5% and enter the result.

LINE 30 (SURTAX): Multiply the amount shown on line 28 in excess of \$50,000 by 3% and enter the result.

LINE 31 (TOTAL TAX): Add lines 29 and 30 and enter result. If Schedule K-121 was used to determine income, enter the tax computed on Schedule K-121, line 30.

LINE 32 (TOTAL NONREFUNDABLE CREDITS): Enter total nonrefundable credits from Part I, line 38 (cannot exceed the amount on line 31 of K-120).

LINE 33 (BALANCE): Subtract line 32 from line 31 and enter result. This amount cannot be less than zero.

LINE 34 (ESTIMATED TAX PAID AND AMOUNT CREDITED FORWARD): Enter total of all your 2025 estimated tax payments plus, any 2024 overpayment you had credited forward to 2025.

LINE 35 (OTHER TAX PAYMENTS): Enter any other withholding amounts or tax payments on line 35. Enclose separate schedule.

LINE 36 (AMOUNT PAID WITH KANSAS EXTENSION): Enter amount paid with your request for an extension of time to file.

LINE 37 (TOTAL OF OTHER REFUNDABLE CREDITS): Enter the total of all other refundable credits from Part I, line 46.

LINE 38 (PAYMENT REMITTED WITH ORIGINAL RETURN): Use this line if you are filing an amended Corporation Income Tax return for the 2025 tax year. Enter amount of money you remitted to the Kansas Department of Revenue with your original 2025 return or any payment remitted with a previously filed 2025 amended return, including penalty and interest.

LINE 39 (OVERPAYMENT FROM ORIGINAL RETURN): Use this line ONLY if you are filing an amended income tax return for the 2025 tax year. Enter amount of overpayment shown on your original return. Since you were refunded the overpayment, or it was credited forward, the amount is a subtraction entry.

LINE 40 (TOTAL PREPAID CREDITS): Add lines 34 through 38 and subtract line 39. Enter the result on line 40.

BALANCE DUE

LINE 41 (BALANCE DUE): If line 33 is greater than line 40, subtract line 40 from line 33 and enter the result.

If the amount on line 41 is not paid by the due date or if a balance due return is filed after the due date, penalty and interest are added according to the rules outlined in lines 42 and 43.

Extension of Time to File: Interest is due on a delinquent tax balance even if you have been granted an extension of time. If **90%** of your tax is paid on or before the original due date of your return, an automatic extension is applied, and no penalty is assessed.

LINE 42 (INTEREST): If you paid your tax after the original due date, compute interest at .6667% per month or 8% per annum (or portion thereof) on the balance due and enter the result on line 42.

LINE 43 (PENALTY): If you paid your tax after the original due date, compute the penalty at 1% for each month (or portion thereof) the return is late, or the tax is unpaid on the balance due amount, up to a maximum of 24%. Enter this amount on line 43.

LINE 44 (ESTIMATED TAX PENALTY): If underpayment of estimated tax penalty is due, enter the amount from your Schedule K-220 on line 44 and enclose Schedule K-220 with the return. If you are annualizing to compute the penalty, check the box on line 44. Any corporation which began business in Kansas during this period is not required to file a declaration, and no underpayment of estimate tax penalty will be imposed.

LINE 45 (TOTAL TAX, INTEREST & PENALTY DUE): Add the amounts on lines 41 through 44 and enter result. **Complete Form K-120V**, Corporate Payment Voucher and enclose it with your return and payment (do not use staples or tape to attach your documents together). Make check or money order payable to Kansas Corporate Tax. NOTE: Amounts less than \$5.00 need not be paid.

Returned checks: A fee of \$30.00, plus costs for a registered letter, is charged on all returned checks.

OVERPAYMENT

LINE 46 (OVERPAYMENT): If line 40 is greater than the sum of line 33 and line 44, subtract the sum of line 33 and line 44 from line 40 and enter the result on line 46.

LINE 47 (REFUND): Enter that part of line 46 you wish to be refunded. No refunds issued on amounts less than \$5.00.

LINE 48 (CREDIT FORWARD): Enter the portion of line 46 you wish to have applied to your 2026 Kansas estimated tax (must be \$1 or more). If the amount on line 46 is less than \$5.00, you may carry it forward to 2026 as an additional credit even if you don't make estimated tax payments. The amount on this line cannot exceed the total of lines 34, 35, and 36.

SIGNATURE AND VERIFICATION

The return must be signed and sworn to by the president, vice-president, or other principal officer. If the return is prepared by a firm or corporation, sign the return in the name of the firm or corporation. Any person or persons who prepares the return for compensation must sign the return and provide their preparer tax identification number (PTIN).

INSTRUCTIONS FOR FORM K-120, PAGES 3 AND 4

PART I — NONREFUNDABLE and REFUNDABLE CREDITS

Every corporation must complete PART I to claim a Kansas tax credit. First, complete the appropriate tax credit schedule, then enclose them with your Kansas corporate income tax return. Credit schedules are available on our website.

SCHEDULE OF NONREFUNDABLE CREDITS

LINES 1 THROUGH 37: Enter on these lines any non-refundable tax credits for which you are eligible. You must complete and enclose with Form K-120 the applicable credit schedule(s).

LINE 38 (TOTAL NONREFUNDABLE CREDITS): Add amounts on lines 1 through 37 and enter the total here and on line 32 of Form K-120. This amount cannot exceed your total tax on line 31 of Form K-120. **Important**—If filing a combined return (K-121), the amount of nonrefundable credits for each separate entity cannot exceed that entity's tax liability.

SCHEDULE OF REFUNDABLE CREDITS

LINES 39 THROUGH 45: Enter on these lines any refundable tax credits for which you are eligible. You must complete and enclose with your K-120 the applicable credit schedule(s).

LINE 46 (TOTAL REFUNDABLE CREDITS): Add amounts on lines 39 through 45 and enter total here and line 37 of Form K-120.

PART II — ADDITIONAL INFORMATION

All corporations must answer all of the questions in Part II.

PART III — AFFILIATED CORPORATIONS DOING BUSINESS IN KANSAS

Every corporation must complete the information in this section for every affiliated corporation doing business in Kansas. If additional space is needed, enclose a separate schedule.

PART IV — SCHEDULE OF TAXES

Every corporation must complete this section so the Department of Revenue can verify the amount of taxes to be added back on line 3 of the return. If taxes are included elsewhere in the federal return, you must complete a schedule and enclose it with the Kansas return.

PART V — SCHEDULE OF INTEREST INCOME

Every corporation must complete this section if they are claiming a modification for interest income on United States obligations on line 9, page 1 of Form K-120.

INSTRUCTIONS FOR FORM K-120AS

You must complete and enclose Form K-120AS with your K-120 if the corporation is doing business within and outside of Kansas and utilizing the apportionment formula to determine Kansas income.

PART VI - APPORTIONMENT FORMULA

Part VI is to be used by corporations which derive income from sources both within and without Kansas for the purpose of allocating and apportioning income. All business income is apportionable to Kansas by one of the following methods:

- Most corporations will multiply business income by a fraction, the numerator of which is the property factor plus the payroll factor plus, the sales factor, and the denominator of which is three.
- Railroads will multiply business income by a fraction, the numerator of which is the freight car miles in this state and the denominator of which is the freight car miles everywhere.
- Interstate motor carriers will multiply business income by a fraction, the numerator of which is the total number of miles operated in this state and the denominator of which is the total number of miles operated everywhere.
- A qualifying taxpayer may elect to multiply business income by a fraction, the numerator of which is the property factor plus the sales factor, and the denominator of which is two. A qualifying taxpayer is any taxpayer whose payroll factor for a taxable year exceeds 200% of the average of the property factor and the sales factor. For additional information relating to this method and to determine if you are qualified, you may review K.S.A. 79-3279. If you qualify to use this method you are required to complete, for the first year, the payroll information on Form K-120AS, Part VI, line B or Form K-121, Part II, Section 2.
- Single Factor Apportionment—all years beginning after December 31, 2001, and at the election of the taxpayer made at the time of filing of the original return, the qualifying business income of any investment funds service corporation organized as a corporation or S corporation which maintains its primary headquarters and operations or is a branch facility that employs at least 100

individuals on a full-time equivalent basis in this state and has any investment company fund shareholders resided in this state shall be apportioned to this state as provided in this subsection, as follows:

By multiplying the investment funds service corporation's qualifying business income from administration, distribution and management services provided to each investment company by a fraction, the numerator of which shall be the average of the number of shares owned by the investment company's fund shareholders resided in this state at the beginning of and at the end of the investment company's taxable year that ends with or within the investment funds service corporation's taxable year, and the denominator of which shall be the average of the number of shares owned by the investment company's fund shareholders everywhere at the beginning of and at the end of the investment company's taxable year that ends with or within the investment funds service corporation's taxable year.

Descriptions of each of the factors in the three-factor formula follow. The laws applicable to these factors are contained in K.S.A. 79-3280 through K.S.A. 79-3287. The applicable regulations are contained in K.A.R. 92-12-84 through K.A.R. 92-12-103, and can be found in our Policy Information Library at: ksrevenue.gov

LINE A (Property Factor): The property factor shall include all real and tangible personal property owned or rented and used during the income year to produce business income. Property used in connection with the production of nonbusiness income shall be excluded from the factor. Property shall be included in the property factor if it is actually used or is available for or capable of being used during the income year for the production of business income. Property used in the production of business income shall remain in the property factor until its permanent withdrawal is established by an identifiable event such as its sale or conversion to the production of nonbusiness income.

The numerator of the property factor shall include the average value of the taxpayer's real and tangible personal property owned and

used in Kansas during the income year for the production of income, plus, the value of rented real and tangible personal property so used. Property owned by the taxpayer in transit between locations of the taxpayer shall be considered to be at the destination for purposes of the property factor. Property in transit between a buyer and seller which is included by a taxpayer in the denominator of its property factor in accordance with its regular accounting practices shall be included in the numerator according to the state of destination. The value of mobile or movable property, such as construction equipment, trucks and/or leased electronic equipment which are located within and without Kansas during the income year, shall be determined for purposes of the numerator of the factor on the basis of total time within Kansas during the income year. Property owned by the taxpayer shall be valued at its original cost. As a general rule, original cost is deemed to be the basis of the property for federal income tax purposes at the time of acquisition by the taxpayer and adjusted by subsequent capital additions or improvements thereto and partial disposition thereof, by reason of sale, exchange, abandonment, etc. Property rented by the taxpayer is valued at eight times the net annual rental rate. As a general rule, the average value of property owned by the taxpayer shall be determined by averaging the values at the beginning and ending of the income year. However, the Director of Taxation may require or allow averaging by monthly values if such method of averaging is required to properly reflect the average value of the taxpayer's property for the income year.

LINE B (Payroll Factor): The payroll factor shall include the total amount paid by the taxpayer for compensation during the tax period. The total amount "paid" to the employees is determined upon the basis of the taxpayer's accounting method. If the taxpayer has adopted the accrual method of accounting, all compensation properly accrued shall be deemed to have been paid. Notwithstanding the taxpayer's method of accounting, at the election of the taxpayer, compensation paid to employees may be included in the payroll factor by use of the cash method if the taxpayer is required to report such compensation under such method for unemployment compensation purposes. The term compensation means wages, salaries, commissions and any other form of remuneration paid to employees for personal services. Payments made to an independent contractor or any other person not properly classifiable as an employee are excluded. Only amounts paid directly to employees are included in the payroll factor. The compensation of any employee on account of activities which are connected with the production of nonbusiness income shall be excluded from the factor. The denominator of the payroll factor is the total compensation paid everywhere during the income year.

The numerator of the payroll factor is the total amount paid in Kansas during the income year by the taxpayer for compensation. Compensation is paid in Kansas if any one of the following tests, applied consecutively, are met: (a) The employee's service is performed entirely within Kansas; (b) The employee's service is performed both inside and outside of Kansas, but the service performed outside this state is "incidental" to the employee's service in Kansas (the word "incidental" means any service which is temporary or transitory in nature, or which is rendered in connection with an isolated transaction); (c) If the employee's services are performed both inside and outside of Kansas, the employee's compensation will be attributed to Kansas if: (1) the employee's base of operations is in Kansas; or (2) there is no base of operations in any state in which some part of the service is performed, but the place from which the service is directed or controlled is in Kansas; or (3) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the employee's residence is in Kansas. The term

"base of operation" is the place from where employees begin work and to which they customarily return in order to receive instructions from the taxpayer or communications from his customers or other persons, or to replenish stock or other materials, repair equipment, or perform any other functions necessary to the exercise of their trade or profession at some other point or points.

LINE C (Sales Factor): For purposes of the sales factor of the apportionment formula, the term "sales" means all gross receipts derived by the taxpayer from transactions and activity in the regular course of such trade or business. The following are rules for determining "sales" in various situations:

- In the case of a taxpayer engaged in manufacturing and selling or purchasing and reselling goods or products, "sales" includes all gross receipts from the sales of such goods or products (or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the income year) held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business. "Gross receipts" for this purpose means gross sales, less returns and allowances, and includes all interest income, service charges, carrying charges, or time-price differential charges incidental to such sales. Federal and state excise taxes (including sales taxes) shall be included as part of such receipts if such taxes are passed on to the buyer or included as part of the selling price of the product.
- In the case of cost-plus fixed fee contracts, such as the operation of a government-owned plant for a fee, "sale" includes the entire reimbursed cost, plus the fee.
- In the case of a taxpayer engaged in providing services, such as the operation of an advertising agency, or the performance of equipment service contracts, or research and development contracts, "sales" includes the gross receipts from the performance of such services, including fees, commissions, and similar items.
- In the case of a taxpayer engaged in renting real or tangible property, "sales" includes the gross receipts from the rental, lease or licensing the use of the property.
- In the case of a taxpayer engaged in the disposition of non-inventory assets and property used or purchased in the regular course of business, "sales" includes the capital gain or ordinary gain realized from such disposition. The term "sales" does not include the return of capital or recovery of basis with respect to non-inventory capital assets.
- For all taxable years beginning after December 31, 2007, in the case of sales of intangible business assets, only the net gains from the sale shall be included in the sales factor.

The numerator of the sales factor shall include gross receipts attributable to Kansas and derived by the taxpayer from transactions and activity in the regular course of its trade or business. All interest income, service charges, carrying charges, or time-priced differential charges incidental to such gross receipts shall be included regardless of the place where the accounting records are maintained or the location of the contract or other evidence of indebtedness.

Sale of Tangible Personal Property in this State.

- Gross receipts from sales of tangible personal property (except sales to the United States Government) are in this state if:
 - the property is delivered or shipped to a purchaser within this state regardless of the f.o.b. point or other conditions of sale.
 - the property is shipped from an office, store, warehouse, factory, or other place of storage in this state and the taxpayer is not taxable in the state of the purchaser.
- Property shall be deemed to be delivered or shipped to a purchaser in this state if the recipient is located in this state, even though the property is ordered from outside this state.

- Property is delivered or shipped to a purchaser within this state if the shipment terminates in this state, even though the property is subsequently transferred by the purchaser to another state.
- The term “purchaser within this state” shall include the ultimate recipient of the property if the taxpayer in this state, at the designation of the purchaser, delivers to or has the property shipped to the ultimate recipient within this state.
- When property being shipped by a seller from the state of origin to a consignee in another state is diverted while en route to a purchaser in this state, the sales are in this state.
- If a taxpayer whose salesman operates from an office in this state makes a sale to a purchaser in another state in which the taxpayer is not taxable, and the property is shipped directly by a third party to the purchaser, the following rules apply.
 1. If the taxpayer is taxable in the state from which the third party ships the property, then the sale is in such state;
 2. If the taxpayer is not taxable in the state from which the property is shipped, then the sale is in this state.

Sales to the United States Government. Gross receipts from the sales of tangible personal property to the United States Government are to be included in Kansas if the property is shipped from an office, store, warehouse, factory, or other place of storage in this state. Only sales for which the United States Government makes direct payment to the seller pursuant to the terms of its contract constitute sales to the United States Government. Thus, as a general rule, sales by a subcontractor to the prime contractor, the party to the contract with the United States Government, does not constitute sales to the United States Government.

Sales Other Than Sales of Tangible Personal Property. K.S.A. 79-3287 provides for the inclusion in the numerator of the sales factor of gross receipts from transactions other than sales of tangible personal property (including transactions with the United States Government). Under this section gross receipts are attributed to Kansas if the income-producing activity which gave rise to the receipts is performed within Kansas or if property producing the receipts is located within Kansas.

Gross receipts are attributed to Kansas if, with respect to a single item of income, the income-producing activity is performed within and without Kansas but the greater proportion of the income-producing activity is performed in Kansas, based on costs of performance. In cases where services are performed partly within and partly without Kansas, the services performed in each state will usually constitute a separate income-producing activity; in such case, the gross receipts for the performance of services attributable to Kansas shall be measured by the ratio which the time spent in performing such services in this state bears to the total time spent in performing such services everywhere. Time spent in performing services includes the amount of time expended in the performance of a contract or other obligation which gives rise to such gross receipts. Personal service not directly connected with the performance of the contract or other obligation, such as time expended in negotiating the contract, is excluded from the computation.

LINE D(1) (TOTAL PERCENT): If you are utilizing the three-factor formula to apportion income to Kansas, add lines A, B and C.

LINE D(2) (TOTAL PERCENT): If you are qualified and are utilizing the elective two-factor formula to apportion income to Kansas, add lines A and C.

LINE E (AVERAGE PERCENT): Divide line D(1) or D(2), whichever is applicable, by the number of factors used in the formula. For instance, if you are using the three-factor formula and the corporation does not have payroll anywhere, divide by 2.

Consistency in Reporting. In completing Form K-120, K-120AS and K-121, if, with respect to prior tax years and to filing other states’ tax returns, the taxpayer departs from or modifies the manner in which income has been classified as business income from nonbusiness income, in valuing property or of excluding or including property in the property factor, in the treatment of compensation paid in the payroll factor, or in excluding or including gross receipts in the sales factor, the taxpayer shall disclose by separate enclosed schedule the nature and extent of the variance or modification. Only inconsistencies in the denominators of the property, payroll, and sales factors which materially affect the amount of business income apportioned to Kansas need to be disclosed. Inconsistencies in the determination of nonbusiness income and in the denominators of the factors due to a difference in state laws or regulations must be identified by that state’s statute or regulation section number and shown on the separate schedule. The amount of each inconsistency by state is to be shown.

When a taxpayer makes sales of tangible personal property which are shipped from Kansas and assigned to a state in which the taxpayer does not file a return or report, the taxpayer shall identify the state to which the property is shipped, report the total amount of sales assigned to such state, and furnish the facts upon which the taxpayer relies as establishing jurisdiction to tax by such state.

PART VII — ADDITIONAL INFORMATION

All corporations must answer all questions.

PART VIII — AFFILIATED CORPORATION INFORMATION

All corporations must complete this section and indicate which of the affiliated corporations have property or payroll or sales in either the “total company” factors or the “within Kansas” factors of the apportionment formula on Part VI of the return.

PART IX—KANSAS PASS-THROUGH ENTITY SCHEDULE

Complete this schedule if this entity receives passed through distributions from another entity. For instance, if you own a 50% interest in Partnership A and are required to report income and or expenses on your tax return, disclose the name and EIN of the pass-through entity (i.e. partnership). Identify the name and EIN of the corporation that is the partner or received the income or loss. Complete the principal product or services field for the pass-through entity. Indicate whether or not the pass-through entity has Kansas operations.

PART X—KANSAS DISREGARDED ENTITY SCHEDULE

Complete this schedule if disregarded entities are included in this return. Disclose the name and EIN of the disregarded entity. Identify the name and EIN of the corporation that holds the income or loss of the disregarded entity. Complete the principle product or services field for the disregarded entity. Indicate whether or not the disregarded entity has Kansas operations.

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For the taxable year beginning ___ / ___ / 2025; ending ___ / ___ / ___

FILING INFORMATION	Name	B. Business Activity Code (NAICS) _____	Employer's Identification Numbers (EINs) (Enter both if applicable)
	Number and Street of Principal Office	C. Date Business Began in KS (mm/dd/yyyy) ___/___/___	EIN this entity: _____
	City State Zip Code	D. Date Business Discontinued in KS (mm/dd/yyyy) ___/___/___	EIN Federal Consolidated Parent: _____
	A. Method Used to Determine Income of Corporation in Kansas	E. State and Month/Year of Incorporation (mm/yyyy) ___/___/___	I. Enter your original federal due date if other than the 15th day of the 4th month after the end of the tax year. ___/___/___
		<input type="checkbox"/> 1. Activity wholly within Kansas - Single entity	
		<input type="checkbox"/> 2. Activity wholly within Kansas - Consolidated	F. State of Commercial Domicile _____
		<input type="checkbox"/> 3. Single entity apportionment method (K-120AS)	G. Type of Federal Return Filed
	<input type="checkbox"/> 4. Combined income method - Single corporation filing (Sch. K-121)	<input type="checkbox"/> 1. Separate <input type="checkbox"/> 2. Consolidated	
<input type="checkbox"/> 5. Combined income method - Multiple corporation filing (Sch. K-121)	H. Mark this box if you have submitted a Kansas Form K-120EL <input type="checkbox"/>		
<input type="checkbox"/> 6. Qualified elective two-factor (K-120AS) Year qualified: ___ ___ ___			
<input type="checkbox"/> 7. Common carrier mileage (Enclose mileage apportionment schedule)			
<input type="checkbox"/> 8. Alternative or separate accounting (Enclose letter of authorization & schedule)			
<input type="checkbox"/> Mark this box if you are filing this as an AMENDED 2025 Kansas return. NOTE: This form cannot be used for tax years prior to 2025.		Reason for amending your 2025 Kansas return: <input type="checkbox"/> Amended affects Kansas only <input type="checkbox"/> Adjustment by the IRS <input type="checkbox"/> Amended federal tax return	

1. Federal taxable income	1	
2. Total state and municipal interest	2	
3. Taxes on or measured by income or fees or payments in lieu of income taxes (Part IV, line 2).....	3	
4. Federal net operating loss deduction.....	4	
5. 250 deduction related to global intangible low-taxed income (GILTI) (I.R.C. § 250(a)(1)(B)) (schedule required).....	5	
6. Business interest expense carryforward deduction (I.R.C. § 163(j)) (schedule required)	6	
7. Other additions to federal taxable income (schedule required)	7	
8. Total additions to federal taxable income (add lines 2 through 7).....	8	
9. Interest on U.S. government obligations (Part V, line 2).....	9	
10. IRC Section 78 and 80% of foreign dividends (schedule required)	10	
11. Global intangible low-taxed income (GILTI) (I.R.C. § 951A) (schedule required).....	11	
12. Disallowed business interest deduction (I.R.C. § 163(j)) (schedule required).....	12	
13. Contributions to capital exceptions (I.R.C. § 118) (schedule required).....	13	
14. Disallowed business meal expenses (I.R.C. § 274) (schedule required)	14	
15. Other subtractions from federal taxable income (schedule required).....	15	
16. Total subtractions from federal taxable income (add lines 9 through 15)	16	
17. Net income before apportionment (add line 1 to line 8, then subtract line 16)	17	
18. Nonbusiness income - Total company (schedule required)	18	
19. Apportionable business income (subtract line 18 from line 17)	19	
20. Average percent to Kansas	20	A B C
(Part VI, lines A, B, C and E; if 100% enter 100.0000)		
21. Amount to Kansas (multiply line 19 by line 20).....	21	





22. Nonbusiness income - Kansas (schedule required)	22	
23. Kansas expensing recapture (see instructions for Schedule K-120EX and enclose applicable schedules) ...	23	
24. Kansas expensing deduction (see instructions for Schedule K-120EX and enclose applicable schedules)...	24	
25. Kansas net income before NOL deduction (add lines 21, 22 and 23, then subtract line 24).....	25	
26. Kansas net operating loss deduction (schedule required).....	26	
27. Combined report (Schedule K-121) or alternative/separate accounting income (separate schedule).....	27	
28. Kansas taxable income (subtract line 26 from line 27, or if filing combined, enter line 27)	28	
29. Normal tax (3.5% of line 28)	29	
30. Surtax (3% of line 28 in excess of \$50,000).....	30	
31. Total tax (Add lines 29 and 30. If filing combined, use line 30 of K-121)	31	
32. Total nonrefundable credits (Part I, line 38; cannot exceed amount on line 31)	32	
33. Balance (subtract line 32 from line 31; cannot be less than zero)	33	
34. Estimated tax paid and amount credited forward (Part II, line 4)	34	
35. Other tax payments (enclose separate schedule)	35	
36. Amount paid with Kansas extension	36	
37. Total of all other refundable credits (Part I, line 46)	37	
38. Payment remitted with original return (see instructions).....	38	
39. Overpayment from original return (see instructions).....	39	
40. Total prepaid credits (add lines 34 through 38 and subtract line 39).....	40	
41. BALANCE DUE (if line 33 exceeds line 40 subtract line 40 from line 33 and enter result).....	41	
42. Interest	42	
43. Penalty	43	
44. Estimated tax penalty. If annualizing to compute penalty, mark this box <input type="checkbox"/>	44	
45. Total tax, interest & penalty due (add lines 41 through 44). Complete Form K-120V and enclose it with your payment.	45	
46. OVERPAYMENT (if line 33 plus line 44 is less than line 40 subtract the sum of lines 33 and 44 from line 40 and enter the result).....	46	
47. REFUND. Enter the amount of line 46 you wish to be refunded.....	47	
48. CREDIT FORWARD. Enter the amount of line 46 (original return only) you wish to be applied to 2026 estimated tax. (Line 48 cannot exceed the total of lines 34, 35 and 36).....	48	

I authorize the Director of Taxation or the Director's designee to discuss my return and enclosures with my preparer. I declare under the penalties of perjury that to the best of my knowledge this is a true, correct, and complete return.

sign here

Signature of officer Title Date

Individual or Firm Signature of Preparer Address Phone Number Date

NOTE: You are not required to send a copy of your entire federal return. See instructions for the list of federal forms required to accompany the state return.

Tax Preparer's PTIN, EIN or SSN

Office use only



PART I - NONREFUNDABLE AND REFUNDABLE CREDITS (see instructions)

NONREFUNDABLE CREDITS

1. Apprenticeship Credit (Enclose Schedule K-24)
2. Affordable Housing Credit (Enclose Schedule K-25).....
3. Aviation/Aerospace Credit (Enclose Schedule K-26)
4. Housing Investor Credit (Enclose Schedule K-27)
5. Attracting Powerful Economic Expansion Tax Credit (Enclose Schedule K-28).....
6. Short Line Railroad Tax Credit (Enclose Schedule K-29).....
7. Center for Entrepreneurship Credit (Enclose Schedule K-31)
8. Agritourism Liability Insurance Credit (Enclose Schedule K-33).....
9. Business and Job Development Credit - **carry forward use only** (Enclose Schedule K-34).....
10. Historic Preservation Credit (Enclose Schedule K-35)
11. Disabled Access Credit (Enclose Schedule K-37).....
12. Swine Facility Improvement Credit (Enclose Schedule K-38)
13. Credit for Plugging An Abandoned Oil or Gas Well (Enclose Schedule K-39).....
14. Assistive Technology Contribution Credit (Enclose Schedule K-42)
15. Eisenhower Foundation Credit (Enclose Schedule K-43)
16. Disability Employment Credit (Enclose Schedule K-44).....
17. Friends of Cedar Crest Association Credit (Enclose Schedule K-46)
18. Technology Enabled Fiduciary Financial Institutions Credit (Enclose Schedule K-48)
19. Research and Development Credit (Enclose Schedule K-53).....
20. Venture Capital Credit - **carry forward use only** (Enclose Schedule K-55).....
21. Seed Capital Credit - **carry forward use only** (Enclose Schedule K-55)
22. High Performance Incentive Program Credit (Enclose Schedule K-59)
23. Community Service Contribution Credit (Enclose Schedule K-60)
24. Alternative-Fuel Tax Credit (Enclose Schedule K-62)
25. Targeted Employment Credit (Enclose Schedule K-69)
26. Low Income Student Scholarship Credit (Enclose Schedule K-70).....
27. Petroleum Refinery Credit - **carry forward use only** (Enclose Schedule K-73)
28. Single City Port Authority Credit (Enclose Schedule K-76)
29. Qualifying Pipeline Credit - **carry forward use only** (Enclose Schedule K-77)
30. BioMass-to-Energy Credit - **carry forward use only** (Enclose Schedule K-79)
31. Environmental Compliance Credit (Enclose Schedule K-81).....
32. Storage and Blending Equipment Credit - **carry forward use only** (Enclose Schedule K-82)....
33. Electric Cogeneration Facility Credit - **carry forward use only** (Enclose Schedule K-83).....
34. Kansas Community College and Technical College Contribution Credit (Enclose Schedule K-84)...
35. Commercial Restoration and Preservation Credit (Enclose Schedule K-92).....
36. Pregnancy Resource Act Credit (Enclose Schedule K-94)
37. Farm Net Operating Loss (Enclose Schedule K-139F).....
38. **Total nonrefundable credits (Add lines 1 through 37. Enter total here and on line 32, page 2)**
39. Attracting Powerful Economic Expansion Tax Credit (Enclose Schedule K-28).....
40. Telecommunications Credit (Enclose Schedule K-36)
41. Child Day Care Assistance Credit (Enclose Schedule K-56)
42. Small Employer Healthcare Credit (Enclose Schedule K-57)
43. Community Service Contribution Credit (Enclose Schedule K-60).....
44. Individual Development Account Credit (Enclose Schedule K-68).....
45. Farm Net Operating Loss (Enclose Schedule K-139F).....
46. **Total refundable credits (Add lines 39 through 45. Enter total here and on line 37, page 2) ...**

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REFUNDABLE CREDITS

PART II - ADDITIONAL INFORMATION

1. Did the corporation file a Kansas Income Tax return under the same name for the preceding year? ___ Yes ___ No If "no", enter previous name and EIN.

2. Enter the address of the corporation's principal location in Kansas.

3. The corporation's books are in care of:

Name _____

Address _____

Telephone _____

4. List each estimated tax payment and credit forward amount claimed on this return.

Date	Amount	Date	Amount

5. Has your corporation been involved in any reorganization during the period covered by this return? ___ Yes ___ No If "yes" enclose a detailed explanation.

6. If this is a final return for Kansas, state the reason. If the corporation was liquidated or dissolved, state the IRC section under which the corporation was liquidated.

7. If your federal taxable income has been redetermined for any prior years that have not previously been reported to Kansas, check the applicable box(es) below and state the calendar, fiscal, or short period year ending date. You are required to submit, under separate cover, the federal Forms 1139, 1120X, or Revenue Agent's Report along with the Kansas amended return.

- Revenue Agent's Report Net Operating Loss
- Amended Return

Years ended _____

8. If you are registered with the Kansas Department of Revenue under any other Kansas tax act, enter all registration or license numbers on the applicable line.

- a. Sales Tax _____
- b. Compensating Use Tax _____
- c. Withholding Tax _____
- d. Other (specify) _____
- _____
- _____

PART III - AFFILIATED CORPORATIONS DOING BUSINESS IN KANSAS

Name of Corporation	Employer ID Number

(Enclose a separate sheet for additional corporations)

PART IV - SCHEDULE OF TAXES

(Include those taxes deducted on line 17 of the federal return. See instructions.)

1. Taxes on or measured by income or fees or payments in lieu of income taxes (include federal environmental tax; itemize).

2. Total (Enter on line 3, page 1)	
3. Total other taxes	
4. Total taxes (Must equal line 17 of the federal return)	

PART V - SCHEDULE OF INTEREST INCOME

(Include the interest from line 5 of the federal return)

1. U.S. interest income (describe type):

2. Total (Enter on line 9, page 1)	
3. Total other interest income	
4. Total interest income (Must equal line 5 of the federal return)	

K-120 AS

KANSAS Corporation Apportionment Schedule

K-120 AS
Attach
150425



FOR USE BY CORPORATIONS APPORTIONING INCOME
(Corporations using the combined income method must use Schedule K-121)

For the taxable year beginning ___ / ___ / **2 0 2 5** ; ending ___ / ___ / ___

Name as shown on Form K-120

Employer Identification Number (EIN)

PART VI - APPORTIONMENT FORMULA

A. Property	WITHIN KANSAS		TOTAL COMPANY		PERCENT WITHIN KANSAS
	Beginning of Year	End of Year	Beginning of Year	End of Year	
(1) Value of owned real and tangible personal property used in the business at original cost					
Inventory					
Depreciable assets					
Land					
Other tangible assets (Enclose schedule)					
Less: Construction in progress					
Total property to be averaged					
Average owned property (Beg. + End + 2)					
(2) Net annual rented property. Multiplied by 8					
TOTAL PROPERTY (Enter on line 20A, page 1)					

B. Payroll (Those corporations qualified and utilizing the elective two-factor formula must complete this area only during the first year of qualifying. After the 10th year, the business must re-qualify.)	Within Kansas	Total Company	
(1) Compensation of officers			
(2) Wages, salaries and commissions			
(3) Payroll expense included in cost of goods sold			
(4) Payroll expense included in repairs			
(5) Other wages and salaries			
TOTAL PAYROLL (Enter on line 20B, page 1; If qualified and utilizing the elective two-factor formula, do not carry this percentage to page 1)			B %

C. Sales (Gross receipts, less returns and allowances)			
(1) Sales delivered or shipped to purchasers in Kansas:			
(a) Shipped from outside Kansas			
(b) Shipped from within Kansas			
(2) Sales shipped from Kansas to:			
(a) The United States Government			
(b) Purchasers in a state where the taxpayer would not be taxable (e.g., under federal Public Law 86-272)			
(3) Dividends			
Interest			
Rents			
Royalties			
Gains/losses from intangible asset sales			
Gross proceeds from tangible asset sales			
Other income (Enclose schedule)			
TOTAL SALES (Enter on line 20C, page 1)			C %

D(1). Total percent (Sum of lines A, B & C if qualified and utilizing three-factor formula)	D(1)	%
D(2). Total percent (Sum of lines A & C if qualified and utilizing two-factor formula)	D(2)	%
E. Average percent of either D(1) or D(2), whichever is applicable (Enter on line 20, page 1)	E	%



PART VII - ADDITIONAL INFORMATION

1. Does the Kansas sales figure in Part VI include (1) all sales delivered from Kansas where purchaser is the U.S. Government and (2) all sales delivered from Kansas to states in which this corporation is immune from state income taxation under federal Public Law 86-272 (15 U.S.C. § 381)?

If not, please explain _____

b. Has any state determined that this corporation conducts (or has conducted) a unitary business with any other corporation?
___ Yes ___ No If yes, specify which state(s) and enclose a complete list of the corporations conducting the unitary business.

3. Describe briefly the nature and location(s) of your Kansas business activities.

4. Are the amounts in the total company column (K-120AS, Part VI) the same as those reported in returns or reports to other states under the Uniform Division of Income for Tax Purposes Act? Yes ___ No ___

If no, please explain. _____

2. If you claim that part of your net income is assignable to business done outside Kansas:

a. Enclose a list of all states in which this corporation is doing business and filing state corporation income or franchise tax returns.

PART VIII - AFFILIATED CORPORATIONS INCLUDED IN FORM K-120AS CORPORATION APPORTIONMENT SCHEDULE

Name of Corporation	Employer Identification Number	Check if included:	
		In Total Company factors	Within Kansas factors

PART IX - KANSAS PASS-THROUGH SCHEDULE

The distributions from the entities listed here have been passed-through and are included in your entity.

Pass-through Entity Name	EIN of Pass-through Entity	Your Entity to which income of Pass-through is included	EIN to which income of Pass-through Entity is included	Principal Product or Services of Pass-through Entity	Kansas Operations (Y / N)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					

PART X - KANSAS DISREGARDED ENTITY SCHEDULE

The disregarded entities listed below are included in this return.

Disregarded Entity Name	EIN of Disregarded Entity	Your Entity to which income of Disregarded Entity is included	EIN to which income of Disregarded Entity is included	Principal Product or Services of Disregarded Entity	Kansas Operations (Y / N)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					

K-121

(Rev. 7-24)

KANSAS CORPORATION COMBINED INCOME METHOD OF REPORTING

K-121
Attach
150624



For the taxable year beginning _____, 20____, ending _____, 20____

Name as shown on Form K-120	Employer Identification Number (EIN)
-----------------------------	--------------------------------------

PART I KANSAS COMBINED NET INCOME

Enter separate corporate names and federal identification numbers	Corporation A	Corporation B	Eliminations (Explain Below)	Combined Income
1. Federal taxable income				
2. Total state and municipal interest				
3. Taxes on or measured by income or fees or payments in lieu of income taxes				
4. Federal net operating loss deduction				
5. 250 deduction related to global intangible low-taxed income (GILTI) (I.R.C. § 250(a)(1)(B)) (schedule required)				
6. Business interest expense carryforward deduction (I.R.C. § 163(j)) (schedule required)				
7. Other additions to federal taxable income (schedule required)				
8. Total additions to federal taxable income (add lines 2 through 7)				
9. Interest on U.S. government obligations				
10. IRC Section 78 and 80% of foreign dividends (schedule required)				
11. Global intangible low-taxed income (GILTI) (I.R.C. § 951A) (schedule required)				
12. Disallowed business interest deduction (I.R.C. § 163(j)) (schedule required)				
13. Contributions to capital exceptions (I.R.C. § 118) (schedule required)				
14. Disallowed business meal expenses (I.R.C. § 274) (schedule required)				
15. Other subtractions from federal taxable income (schedule required)				
16. Total subtractions from federal taxable income (add lines 9 thru 15)				
17. Net income before apportionment (add line 1 to line 8 then subtract line 16)				
18. Nonbusiness income—Total company (schedule required)				
19. Apportionable business income (subtract line 18 from line 17)				
20. Percent to Kansas (from line 6, Part II)				
21. Amount to Kansas (line 20, Corp. A & B multiplied by line 19 combined income)				
22. Nonbusiness income—Kansas (schedule required)				
23. Kansas expensing recapture (see instructions for K-120EX)				
24. Kansas expensing deduction (see instructions for K-120EX)				
25. Kansas net income (add lines 21, 22 and 23; then subtract line 24)				
26. Kansas net operating loss deduction (schedule required)				
27. Combined report income (subtract line 26 from line 25; enter result here and on line 27, Form K-120)				
28. Normal tax (3.5% of line 27)				
29. Surtax (3% of amount on line 27 in excess of \$50,000)				
30. Total tax (add lines 28 and 29; enter result here and on line 31, Form K-120)				

Explanation of Eliminations:

ENCLOSE A COPY OF FEDERAL FORM 851 WITH THIS SCHEDULE
(Any corporation filing using the combined income method with more than one entity doing business in Kansas may file one Kansas return reporting the total Kansas combined income and tax on that return.)

PART II

APPORTIONMENT FORMULA FOR FORM K-121

K-121
Attach
150724



	Corporation A Within Kansas		Corporation B Within Kansas		Total Company		Percent Within Kansas
	Beginning of Year	End of Year	Beginning of Year	End of Year	Beginning of Year	End of Year	
1a. Value of owned real and tangible personal property used in the business at original cost.							
Inventory.....							
Depreciable Assets							
Land							
Other Tangible Assets (Enclose schedule) ..							
Less: Construction in Progress							
Total Property to be Averaged							
Average Owned Property (Beg. + End + 2)							
1b. Net annual rental property. Multiplied by 8 ...							
TOTAL PROPERTY							
Percentage: Corporation A (divide Corporation A by Total Company).....							1A
Percentage: Corporation B (divide Corporation B by Total Company)							1B
2. Wages, salaries, commissions and other compensation of employees related to business income included in return.							
TOTAL PAYROLL							
Percentage: Corporation A (divide Corporation A by Total Company).....							2A
Percentage: Corporation B (divide Corporation B by Total Company)							2B
3. Sales (gross receipts, less returns and allowances)							
a. Sales delivered or shipped to purchasers in Kansas:							
(1) Shipped from outside Kansas							
(2) Shipped from within Kansas							
b. Sales shipped from Kansas to:							
(1) The United States Government							
(2) Purchasers in a state where the taxpayer would not be taxable (e.g., under Public Law 86-272)							
c. Dividends.....							
Interest							
Rents							
Royalties.....							
Gains/losses from intangible asset sales							
Gross proceeds from tangible asset sales							
Other income (attach schedule)							
TOTAL SALES							
Percentage: Corporation A (divide Corporation A by Total Company).....							3A
Percentage: Corporation B (divide Corporation B by Total Company)							3B
4. Total Percent:							
Percentage: Corporation A (divide Corporation A by Total Company)							4A
Percentage: Corporation B (divide Corporation B by Total Company).....							4B
5. Total Percent							
Percentage: Corporation A (divide Corporation A by Total Company)							5A
Percentage: Corporation B (divide Corporation B by Total Company).....							5B
6. Average Percent:							
Percentage: Corporation A (divide Corporation A by Total Company to line 20, Part 1, Page 1 of the K-121)							6A
Percentage: Corporation B (divide Corporation B by Total Company to line 20, Part 1, Page 1 of the K-121)							6B

INSTRUCTIONS FOR K-120EL

GENERAL INFORMATION

K.S.A. 79-3288b provides taxpayers with a business income election option. For all taxable years beginning after December 31, 1995, a taxpayer may elect to have all income derived from the acquisition, management, use or disposition of tangible and intangible property treated as business income. The election will be effective and irrevocable for the taxable year of the election and the following nine taxable years. The election is also binding on all members of a unitary group of corporations.

TIME LIMITS FOR FILING THE ELECTION

The business income election must be submitted to the Kansas Department of Revenue in accordance with these time limits in the law.

Not currently doing business in Kansas — Taxpayers doing business in Kansas for the first time that intend to make the election for its initial year must file the K-120EL within 60 days after filing the articles of incorporation or application for authority to engage in business with the Kansas Secretary of State.

Currently doing business in Kansas — The election must be filed on or before the last day of the tax year immediately proceeding the tax year for which the election is made. **EXAMPLE:** If the election is for tax year ending December 31, 2017, the election must be filed by December 31, 2016.

COMPLETING FORM K-120EL

Type or print all requested information, and answer both questions.

The election statement: Note that once made, the election becomes effective and cannot be revoked. This business income election is binding on all members of a unitary group.

An officer of the business listed at the top of the form must sign this election.

FILING THE ELECTION

This form must be filed with the Kansas Department of Revenue within the time limits established by law for the taxpayer's filing situation and must be sent separately from the Income Tax return.

To ensure receipt of your election, mail the completed form by certified mail to:

Kansas Corporate Income Tax
PO Box 750260
Topeka, KS 66699-0260

For questions regarding this form or others, you can write to the address above or contact the the Department of Revenue:

Topeka: 785-368-8222
Fax: 785-291-3614
ksrevenue.org



For the taxable year beginning ___ / ___ / **2 0 2 5**; ending ___ / ___ / ___.

Name of taxpayer	SSN or EIN
If partner, shareholder or member, enter name of partnership, S corporation, LLC or LLP	EIN

PART A - COMPUTATION OF EXPENSING FOR THIS ENTITY

1. Expensing deduction for this entity (from PART B, line 11).....	1	.00
2. Recapture amount (from PART C, line 12).....	2	.00
3. Net expensing deduction/recapture (subtract line 2 from line 1; if the amount is negative, shade the box)	3	.00
4. Ownership Percentage	4	
5. Expensing deduction/recapture (multiply line 3 by line 4; if the amount is negative, shade the box).....	5	.00

K-40 filers: Stop here and enter this amount on your Kansas Schedule S (see instructions).

K-41 filers: Stop here and enter this amount in Part I of Form K-41 (see instructions).

K-120S filers:

If the amount on line 5 is a negative number, enter as a positive number on line 24 of Form K-120S or Form K-121 and if the amount on line 5 is a positive number, enter on line 25 of Form K-120S or Form K-121S

K-120 and K-130 filers: If the amount is a negative number, enter as a positive number on line 23 of Form K-120 or line 2 of Form K-130. If the amount on line 5 is positive, complete lines 6 through 10 below.

6. Kansas net income for this entity (enter the sum of lines 21 and 22 from Form K-120 or K-121; or lines 24 and 25 from Form K-130 or K-131. This amount cannot be less than zero).....	6	.00
7. Expensing deduction remaining (subtract line 6 from line 5; cannot be less than zero).....	7	.00
8. Expensing deduction used against Kansas net income of other entities in the combined group. If more space is needed, enclose separate schedule.		

(a) ENTITY NAME	(b) ENTITY EIN	(c) AMOUNT USED
		.00
		.00
		.00
		.00
		.00
		.00
		.00
		.00

Amount used by other entities this year (total the amounts in column (c) and enter result).....	8	.00
9. Total expensing deduction used this year (add line 8 to either line 5 or line 6, whichever is less. For K-120S and K-121S, line 8 is always zero). Enter result here and on the Kansas expensing deduction line of Form K-120, K-121, K-130 or K-131,.....	9	.00
10. Expensing deduction to use as a net operating loss of this entity next tax year (subtract line 9 from line 5).....	10	.00



INSTRUCTIONS FOR SCHEDULE K-120EX

GENERAL INFORMATION

The expensing deduction under K.S.A. 79-32,143a is available to income tax filers for taxable years commencing after December 31, 2011 and privilege tax filers for tax years commencing after December 31, 2013. (For tax years commencing after December 31, 2012, the deduction was limited to C corporations.) The deduction is available again for all income tax filers for tax years commencing after December 31, 2020. The deduction must be made by the due date of the original return, including any extension of time to file, and may be made only for the taxable year in which the eligible property is placed in service in Kansas.

An election for expensing is made by filing your Corporation Income Tax (K-120), Partnership or S Corporation Income Tax (K-120S), Privilege Tax (K-130), Individual Income Tax (K-40) or Fiduciary Income Tax (K-41) with Schedule K-120EX. If filing a paper return, enclose federal Form 4562 with each K-120EX and any additional schedule(s) necessary to enable Kansas Department of Revenue to reconcile Form 4562 amounts to the expensing claimed on your K-120EX.

QUALIFIED PROPERTY. You may elect to take an expensing deduction from Kansas net income apportioned or allocated to this state for the cost of the following property placed in service in this state during the taxable year: 1) Tangible property eligible for depreciation under the modified accelerated cost recovery system in section 168 of the IRC (Internal Revenue Code), as amended, but not including residential rental property, nonresidential real property, any railroad grading or tunnel bore or any other property with an applicable recovery period in excess of 25 years as defined under section 168(c) or (g) of the IRC, as amended; and, 2) Computer software as defined in section 197(e)(3)(B) of the IRC, as amended, and as described in section 197(e)(3)(A)(i) of the IRC, as amended, to which section 167 of the IRC, as amended, applies.

SITUS OF PROPERTY. The situs will be the physical location of such property located in Kansas. If the property is mobile, the situs will be the physical location of the business operations from which the property is used or based. Software shall be apportioned to Kansas based on the fraction, the numerator of which is the number of taxpayer's users located in Kansas of licenses for such computer software used in the active conduct of the taxpayer's business operations, and the denominator of which is the total number of the taxpayer's users of the licenses for such computer software used in the active conduct of the taxpayer's business operations everywhere.

UNITARY OPERATION. If you are a corporate or privilege taxpayer filing a combined return, you may elect to apply the expense deduction against the Kansas income of any member of the combined group. This option is only available for the expense deduction, not for any subsequent net operating loss caused by the expense deduction. Each entity within the combined group that made a qualifying investment must complete a Schedule K-120EX and enclose it with the return when filed.

TAX CREDITS AND THE EXPENSING DEDUCTION. If claiming an expensing deduction on an investment, you may not use that investment in the following tax credits, accelerated depreciation, or deductions: K-35, Historic Preservation; K-38, Swine Facility Improvement; K-53, Research and Development; K-59, High Performance Incentive Program; K-62, Alternative-Fuel Tax; K-73, Petroleum Refinery; K-77, Qualifying Pipeline; K-78, Nitrogen Fertilizer Plant; K-80, Integrated Coal Gasification Power Plant; K-81, Environmental Compliance; K-82, Storage and Blending Equipment; and K-83, Electric Cogeneration Facility.

EXPENSING DEDUCTION EXCEEDING KANSAS NET INCOME. If the expensing deduction exceeds net income apportioned or allocated to this state, such excess will be treated as a Kansas net operating loss by the entity that made the original investment.

COMPUTATION OF KANSAS EXPENSING AFTER THE ELECTION. For taxable years beginning after December 31, 2020, the amount of expensing deduction for such cost shall equal the difference between the depreciable cost of such property for federal income tax purposes and the sum of the amount of bonus depreciation claimed under I.R.C. § 168(k) and

depreciation claimed under I.R.C. § 179. That amount will be multiplied by the applicable factor, determined by using, the table provided in K.S.A. 79-32,143a(f), based on the method of depreciation selected pursuant to section 168(b)(1), (2), or (3) or (g) of the IRC, as amended, and the applicable recovery period for such property as defined under section 168(c) or (g) of the IRC, as amended.

EXAMPLE: A taxpayer using the 200% declining balance method with a recovery period of 5 years and the basis for depreciation is \$10,000. The taxpayer has no bonus depreciation to subtract out so the net basis is \$10,000. Refer to the table on the next page. At the column headed I.R.C. § 168 Recovery Period (year), go down to 5 years and use .116 under the 200DB column to multiply by the net basis of \$10,000. The expensing deduction for this item is \$1,160 to use as a subtraction from Kansas income. For corporate purposes this is subtracted from income after apportionment on line 24 of Form K-120 or K-121.

EXPENSING DEDUCTION RECAPTURE. If the property was sold, disposed of, or moved out of Kansas within the recovery period (5 years in the above example), the expensing deduction previously determined shall be subject to recapture and treated as Kansas taxable income allocated to Kansas. The amount of recapture is the Kansas expensing deduction previously determined multiplied by a fraction, the numerator of which is the number of years remaining in the recovery period for such property as defined under Section 168(c) or (g) of the IRC, after such property is sold or removed from the state including the year of disposition and the denominator is the total number of years in the total recovery period.

EXAMPLE: In the example above, assume the taxpayer purchased property and claimed the expensing deduction on the 2023 return. In the year ending 2025 return, the taxpayer sold the property. The expensing deduction previously determined was \$1,160. The original recovery period was five years. They sold the property in 2025 so there are three years remaining in the recovery period. Three years remaining divided by five years total recovery equals 60%. 60% multiplied by \$1,160 equals \$696 which is to be added back to Kansas on K-120EX, PART A, line 2. If the recovery period has expired, there is no recapture.

SPECIFIC LINE INSTRUCTIONS

Enter the applicable information (Name of taxpayer and SSN or EIN) at the top of Schedule K-120EX. Pass-through entities with shareholders or partners will complete both lines of Name of taxpayer (shareholder's name on the top line and pass-through entity's name on the second line).

C corporation (regular corporation) and financial institutions: Complete PART A after completing PART B and/or PART C, as applicable.

Pass-through entity (an entity not taxed on their income—partnership/ subchapter S corporation—but passes their income to another entity that has a tax levied against it): If you have pass-through income and received an expensing deduction from a partnership or S corporation that has a recapture of the expensing previously claimed, complete PART C and lines 2 through 5 of PART A. The pass-through entity should supply the shareholders or partners with the pass-through entity's K-120EX.

PART A – COMPUTATION OF EXPENSING FOR THIS ENTITY

LINE 1 – Enter the total Kansas expensing from PART B, line 11.

LINE 2 – Enter the recapture amount from PART C, line 12.

LINE 3 – Subtract line 2 from line 1 and enter the result.

LINE 4 – Partners, shareholders or members: Enter the percentage that represents your proportionate share in the partnership, S corporation, LLC or LLP. All other taxpayers: Enter 100%.

LINE 5 – Multiply line 3 by line 4. If line 1 is greater than line 2, you have an **expense to subtract** from income. C corporation and privilege tax filers continue to line 6.

If line 2 is greater than line 1, you have a **recapture to add** to income.

K-40 and K-41 filers STOP HERE. If the amount on line 5 is a positive number (the expense on line 1 is more than the recapture on line 2), enter it as a subtraction modification on Schedule S, line A21 or Form K-41, line 26g. If the amount on line 5 is negative (the recapture on line 2 is more than the expense on line 1), enter it as an addition modification on Schedule S, line A3 or Form K-41, line 25e.

K-120S and K-121S filers if the amount on line 5 is a negative number, enter as a positive number on line 24 of Form K-120S or K-121S and if the amount on line 5 is a positive number, enter on line 25 of Form K-120S or K-121S.

K-120, K-121, K-130 and K-131 filers with a positive number on line 5, proceed to line 6. If the amount on line 5 is a negative number (the recapture on line 2 was more than the expense on line 1) then STOP HERE and enter the amount from line 5 as a positive number on line 23 of Form K-120 or Form K-121 or line 26 of Form K-130 or Form K-131.

LINE 6 – Enter Kansas net income for this entity. This is determined by adding lines 21 and 22 together on Form K-120 or K-121; or lines 24 and 25 from Forms K-130 or K-131.

LINE 7 – Subtract line 6 from line 5 (cannot be less than zero).

LINE 8 – If the entity is filing a combined return, they may elect to take an expensing deduction against the income of any member of the combined group. If they make this election, complete line 8, (a), (b) and (c). If more space is needed, enclose a separate schedule. Enter the sum of (c) on line 8.

LINE 9 – Add line 8 to the lesser of line 5 or line 6. Enter result on line 24 of Form K-120 or K-121, line 27 of Form K-130 or K-131,

LINE 10 – Subtract line 9 from line 5. This is the amount of net operating loss (NOL) remaining to carry forward to next year's return. The NOL may only be used by the entity that claimed the initial expensing deduction – not to be used by any other entities in a combined group

PART B – COMPUTATION OF KANSAS EXPENSING

Complete PART B for the type of Kansas property you are electing to expense and enclose federal Form 4562 with this schedule to support your claim. To report an expensing recapture complete PART C and lines 2 through 5 of PART A.

Column (a) – Using the table below, enter the recovery period. This should match the federal recovery period claimed on Form 4562.

Column (b) – Enter the method (200 DB, 150 DB or S/L).

Column (c) – Using the table below, enter the factor for that recovery period and method.

Column (d) – Enter the basis for depreciation.

Column (e) – Enter any bonus depreciation and any expense deduction being claimed for such property under I.R.C. § 179.

Column (f) – Subtract Column (e) the bonus depreciation and the I.R.C. § 179 expense from Column (d) the basis for depreciation.

Column (g) – Multiply the factor (c) by the net basis (f). For instance, for a 3 year recovery period that was a 200% DB, enter 0.075 in (c) and assuming (f) is 100, the result to enter in (g) is 7.50.

LINE 11 – Add all amounts in (g) and enter result on this line and on line 1, PART A of this schedule.

PART C – RECAPTURE OF EXPENSING DEDUCTIONS PREVIOUSLY CLAIMED

If property that was previously expensed was sold or moved out of Kansas within the "recovery period," the expensing deduction previously determined is subject to recapture and treated as Kansas taxable income allocated to Kansas. If more space is needed, enclose a separate schedule. NOTE: These instructions reference data from the *EXAMPLE* on the previous page.

Column (a) – Enter the recovery period. It should be the same recovery period that was claimed on the initial expense deduction for this asset(s). In our example 5 years was used.

Column (b) – Enter ending period of the tax year that the asset(s) was claimed as an expense deduction.

Column (c) – Enter the ending period of the current year tax return. Example: 2025.

Column (d) – Compute the recapture factor by subtracting the year placed in service (b) from the current year (c) and enter result. Example: 2025 - 2023 = 2.

Column (e) – Compute years remaining by subtracting recapture factor (d) from the recovery period (a). Example: Subtract recapture factor of 2 from the recovery period of 5 equals 3.

Column (f) – Divide the years remaining (e) by the recovery factor (a) and enter resulting percentage. Example: Divide years remaining of 3 by recovery period of 5 equals the percent of recapture of 60%.

Column (g) – Enter the Kansas expensing previously allowed. In our example this amount was \$1,160.

Column (h) – Multiply (g) by the percent in (f) and enter result. Example: \$1,160 by 60% equals \$696. This is the recapture amount for this asset.

LINE 12 – Add all amounts in (h) and enter the result on line 12 and on line 2, PART A of this schedule.

Use the table below to determine the expense deduction (PART B) FACTORS

IRC§168 Recovery Period (year)	IRC§168(b)(1) Depreciation Method (200% declining balance) (200DB)	IRC§168(b)(2) Depreciation Method (150% declining balance) (150DB)	IRC§168(b)(3) or (g) Depreciation Method (Straight line or alternative) (S/L)	IRC§168 Recovery Period (year)	IRC§168(b)(1) Depreciation Method (200% declining balance) (200DB)	IRC§168(b)(2) Depreciation Method (150% declining balance) (150DB)	IRC§168(b)(3) or (g) Depreciation Method (Straight line or alternative) (S/L)
2.5	*	.077	.092	11.5	*	.248	.269
3	.075	.091	.106	12	*	.256	.277
3.5	*	.102	.116	12.5	*	.263	.285
4	*	.114	.129	13	*	.271	.293
5	.116	.135	.150	13.5	*	.278	.300
6	*	.154	.170	14	*	.285	.308
6.5	*	.163	.179	15	*	.299	.323
7	.151	.173	.190	16	*	.313	.337
7.5	*	.181	.199	16.5	*	.319	.344
8	*	.191	.208	17	*	.326	.351
8.5	*	.199	.217	18	*	.339	.365
9	*	.208	.226	19	*	.351	.378
9.5	*	.216	.235	20	*	.363	.391
10	.198	.224	.244	22	*	.386	.415
10.5	*	.232	.252	24	*	.408	.438
11	*	.240	.261	25	*	.419	.449

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Taxpayer Assistance

ksrevenue.gov

Filing. For assistance in completing your Kansas Corporate Income Tax return, contact our Taxpayer Assistance Center.

Taxpayer Assistance Centers are available by appointment only

Go to [ksrevenue.gov](https://www.ksrevenue.gov) to set up an appointment at the Topeka or Overland Park office by using the Appointment Scheduler.

Topeka Office
120 SE 10th Avenue - 1st Floor
Topeka, KS 66612-1103

Overland Park Office
7600 W. 119th St., Suite A
Overland Park, KS 66213-1128

Hours: 8 a.m. to 4:45 p.m. (M-F)

Phone: 785-368-8222

Fax: 785-296-8989

You may also use the new Chat option on the Taxation home page of our [ksrevenue.gov](https://www.ksrevenue.gov) website for 24 hour assistance, or chat with a Live Agent, Monday through Friday from 8:00am - 4:45pm.

Forms. If you choose to file paper, FILE the ORIGINAL form from this booklet, not a copy or a form from an approved software package. For a list of approved vendors go to: <https://www.ksrevenue.gov/softwaredevelopers.html>

Electronic File & Pay Options

ksrevenue.gov

Kansas Customer Service Center is an online business center and a convenient, secure and easy way to manage your business accounts. Businesses can make electronic payments, file sales, use and withholding tax returns, and view online activity. The Customer Service Center simplifies your accounting process by having everything available in one easy-to-access location.

IRS e-File is a fast, accurate, and safe way to file a federal and Kansas tax return. Ask your preparer about e-File or visit our website for a list of authorized e-File providers and software products. Join the 1.3 million taxpayers that used IRS e-File last year!

Direct Payment can be made through our online business center using Electronic Funds Transfer (EFT) or through IRS e-file software. For all Direct payment options, please visit our website at www.ksrevenue.gov.

Credit Card payments for your Kansas tax can be made **online** or **by phone** through third-party vendors. Services and fees vary, but all vendors accept major credit cards. Visit our website for a list of vendors authorized to accept payments for Kansas.